2009 Global Shared Services Survey Results

Executive Summary

Deloitte Consulting LLP

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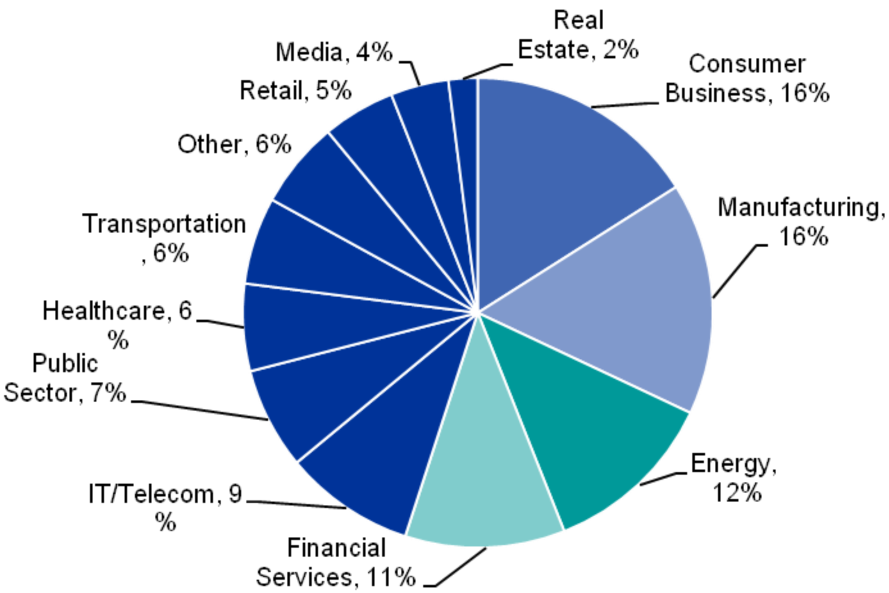
The goal of Deloitte's Global Shared Services Survey is to provide insight to organizations regardless of where they are in their Shared Services journey

- Identifies emerging trends in Shared Services by comparing and contrasting responses from past Deloitte Global Shared Services surveys completed in 1999, 2003, 2005, and 2007
- Shares concepts and insights from multiple geographies, industries, and revenue bases
- Provides the latest in thinking to:
  - Help organizations that are beginning their Shared Services journey learn from others
  - Infuse fresh ideas into more mature Shared Services operations
- Highlights best practices in the creation and delivery of Shared Services
- Captures the aggressive shifts organizations are making as a result of their past success with Shared Services

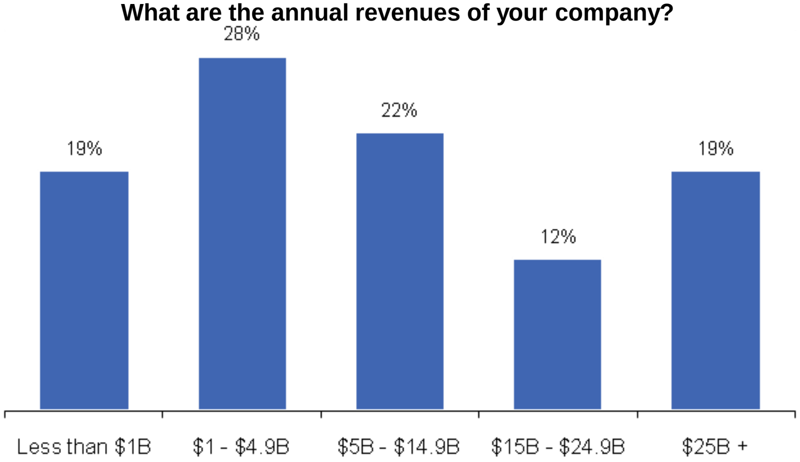
Survey Participant Profile

This year Deloitte's Global Shared Services survey attracted 265 participants which is more than double the response rate of the 2007 study

What is your company's primary industry?



What are the annual revenues of your company?



Industry Representative

- Participants represented 12 industry segments and were distributed across all major industry groups, resulting in a greater diversity of industries than our past surveys
- As in previous surveys, manufacturing was the top industry represented
- The largest increases in participation over 2007 were in the Financial Services, Transportation and Public Sector industries

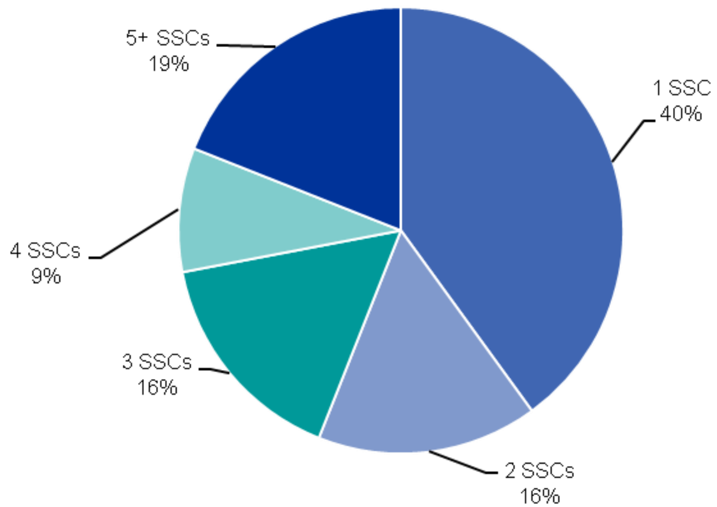
Participant Size

- There was a wide range of participant organizations in terms of size – revenue ranged from less than $1 billion to over $100 billion
- Median revenue of participant organizations was $10.5 billion which is double that of our 2007 survey

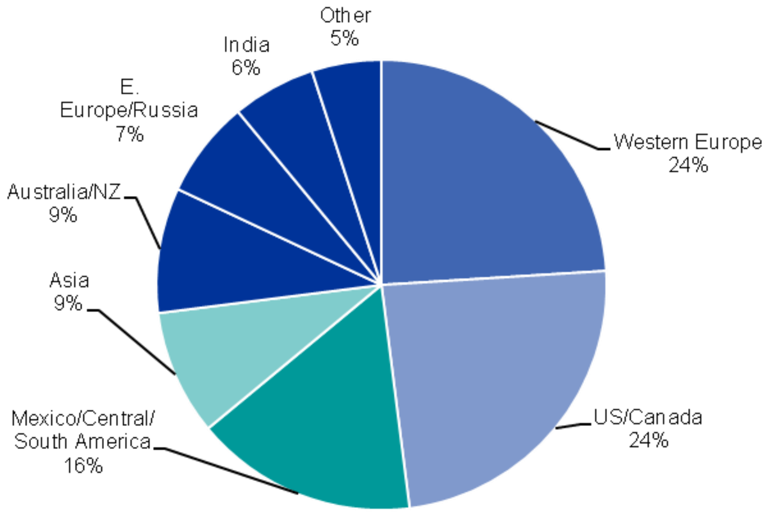
2009 Global Shared Services Survey Executive Summary.pptx

The survey respondents provided data for 702 Shared Service Centers (SSCs) in total

How many SSCs does your company have?



Where are your company's SSCs located?



Number and Maturity of Centers

- The number of SSC per company remained consistent with 2007 findings with an average of 2.6 centers per organization
- The average number of centers did vary with organization size:
  - Less than \$5B had an average of 2.3 SSCs
  - \$5B – less than \$15B had an average of 2.7 SSCs
  - \$15B – less than \$25B had an average of 3.1 SSCs
  - \$25B + had an average of 5.0 SSCs
- 63% of respondents have been operating SSCs for more than 3 years

SSC Locations and Size

- Survey respondents come from all regions of the world
- There was a significant increase from 2007 in the number of SSCs represented in Mexico, Central America and South America
- The number of associates in the SSCs ranged significantly:
  - Less than 100 people: 52%
  - Between 101 and 250: 25%
  - Between 251 and 999: 17%
  - 1,000 or more: 8%

Results Overview

Key findings of the 2009 Global Shared Services Survey

Geography

- Companies are continuing to expand their global footprint of Shared Services operations – we see the pace of shared services activity and global deployment of shared services at an unprecedented pace
- Labor factors, led by quality and availability, continue to be the most critical factors in SSC location selection followed closely by cost considerations especially as scope is expanded to advisory processes
- Maintaining competitive operating costs is critical, which is driving organizations to consider relocating and/or changing their number of centers
- As the number and complexity of processes move up the value chain, the skills required for shared services operations is altering the types of locations that will be most successful in the future
- There is no one right way to approach your shared services journey – sequencing process and technology changes are unique to your situation

Organization

- Shared Service Centers are emerging as a source of talent for the businesses they serve which is providing broader opportunities for advancement
- Organizations that are putting in place Process Owners and implementing Governance Boards to guide their Shared Service Organization are increasing their levels of standardization resulting in lower overall costs
- Shared Service leaders have still not cracked the code on the best way to create the best connectivity with their customers and may be drifting back into being "centralized overhead centers" instead of true Shared Service Centers due to lack of governance and effective customer linkage
- Due to the economic downturn, organizations are not having the same level of trouble recruiting or maintaining staff as in the past. However, this temporary situation may just delay turnover until job prospects improve, creating a potentially large talent gap during the economic recovery

Key findings of the 2009 Global Shared Services Survey, continued

Scope

- Many organizations that started their Shared Services journey with the typical and somewhat limited transactional scope for their SSCs are beginning to pursue a “second-wave” implementation with much broader scope
- The urgent need for cost reduction due to the current economic times are driving organizations to include processes in Shared Services that were originally “off-limits” by the business
- Over the past two years, more organizations have adopted a hybrid model for labor sourcing, combining outsourcing, captive offshoring, and traditional on-shore shared services to optimize service delivery and minimize cost
- The need and benefit of multi-functional shared services depends on a multitude of factors including scale, geographic reach, strategic objectives, cost synergies and change imperative – one approach does not fit all

Value

- As part of the current economic times, Shared Services leaders’ top priorities are those that focus on driving cost out of their operation
- Organizations that treat their Shared Service Organization as a business and strategic asset are realizing the most value in terms of both tangible and intangible benefits
- In addition to the initial headcount savings shared services are known for achieving, a majority of centers continue to achieve incremental productivity each year
- Shared Service Centers continue to reduce the costs of Sarbanes compliance by increasing process standardization and reducing the number of locations performing accounting activities
- In addition to Shared Service initiatives delivering bottom-line results in the short term, expansion of a Shared Services platform provides a solid cost efficient platform for growth that should deliver larger benefits when the economy turns around

Index of Survey Results

The content of the complete survey results includes participant answers to the following questions:

Geography:

- Where are your organization's Shared Service Centers located?
- What were the key factors in selecting the organization's SSC location(s)?
- Do you believe your company will be relocating any of its SSCs in the future? If so, what are the reasons?
- Do you believe the number of SSCs in your organization will change over the next 5 years? If so, how and why?
- How many SSCs provide services across or within geographies? Do they serve multiple contents? If so, how many?
- How has your company approached the transition to SSCs? How did it sequence process and technology changes?

People:

- Who has responsibility for your Shared Services Organization and who do the leaders of the SSC report to?
- How do you drive governance and consistency across your SSCs?
- What mechanisms are used to most effectively keep SSCs connected to it customers?
- What are the biggest challenges related to people within your SSC?
- How do you motivate and pay your SSC associates?

Scope:

- What processes did you have in Shared Services and what processes are outsourced?
- Which processes are in your SSC(s)?
- What are the detailed processes in your SSC across:
  - Finance
  - Human Resources
  - Information Technology
  - Procurement
  - Other
- What direction is your organization pursuing in terms scope for its SSCs?

Survey content, continued

Value

- What are your company's top priorities to drive incremental value from its SSCs?
- In what areas has Shared Services made a positive impact?
- What was the headcount reduction achieved by implementing shared services during the first 12 months?
- After the first 12 months, what has been the average annual increase in productivity achieved by your company's SSCs?
- What impact does your SSC(s) have on the cost of control requirements?
- How do you foresee your SSC(s) supporting IFRS?

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